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Dated 6.7.48

[Despatch Abstract.]

Mines - Mining - The Indian Petroleum Mining Rules - Draft Madras Government's views - Communicated

GOVERNMENT OF INDIA
MINISTRY OF WORKS MINES & POWER.

No.MII-152(17) Dated New Delhi, the 2nd April 1948.

From: B.B. Paymaster, Esq., I.C.S.,
Deputy Secretary to the Government of India.

To: The Secretary to the Government of Madras
Public (Planning & Development) Department
Madras.

All Provincial Governments.

Subject:-The Indian Petroleum Mining Rules.

Sir,

I am directed to enclose a copy of a draft of the proposed Indian Petroleum Mining Rules, prepared by the Adviser, on Mineral Development attached to this Ministry, for your comments, which may kindly be furnished to this Ministry by the 31st May 1948.

2. The Indian Petroleum Mining Rules will be issued by the Government of India in due course, after taking into account the views of the Provincial Governments and the Oil Companies and other interests, which are also being consulted separately. It may be necessary to conside the comments and opinions received at a Conference before the rules are finalised by the Government of India.

3. Please acknowledge receipt of this letter.

I have the honour to be,

Sir,

Your most obedient servant,

dø,B.B. Paymaster

Deputy Secretary to the Government of India.

Copy with a copy of the draft Indian Petroleum Mining with 25 spare copies. Rules, forwarded to the Ministry of States, with the request that the views of the major states in India may also kindly be obtained and forwarded to this Ministry by the due date.

With spare copies. Copy also forwarded to the:-

1. Ministry of Industry & Supply
(one copy for the Director; Council of Scientific and Industrial Research).

2. Ministry of Agriculture.

3. Ministry of Transport.

4. Ministry of Commerce.

5. Ministry of Railways.

6. Ministry of Labour.

7. Ministry of Finance.

for favour of their views.

Sd/-x x x x x x

Deputy Secretary to the Govt. of Indi

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Proposed Petroleum Mining Rules, 194... or
Ruled for the grant of Exploring Licenses,
Prospecting Licenses and Mining Leases
for natural petroleum and natural gas.

Introduction.

These rules may be called the Indian Petroleum Mining Rules, 194....

2. These rules suspersede all previous rules and instructions published by the Government of India under Commerce & Industries Department Resolution No.~~1139-1155-Ind~~-No.7552-7581-121 dated 15th September, 1913, (and subsequently amended), and all other instructions that have been issued either by the Government of India or any Local Government, regarding the grants of concessions in respect of natural petroleum and/or natural gas.

× Foreign & political Dept. resolution No 1130-445-Ind dated 12.7.1923 & the rules known as the mining concessions (petroleum) rules 1939, published under Labour Deptt Notification No M-75 dt 2.2.34 (and as subsequently amended), and

GENERAL

3. No exploring license, prospecting license or mining lease shall be granted by any local Government otherwise than in accordance with these rules, except with the previous sanction of the Central Government.

4. In these rules:

"India" means Indian Union;
"Collector" means the Revenue Officer in charge of the district;

"Local Government" includes a Chief Commissioner or any Governor under any designation in the Centrally administered areas;

"Person" includes, besides individuals, a public company registered in the Indian Union, or in any country outside the Indian Union having a duly empowered agent resident in India, or a Syndicate, partnership or private firm of which one or more members reside in India or which has a a duly authorised agent resident in India.

"Petroleum", whereever the word occurs, except where the contrary appears from the context, means natural petroleum.

5. A A certificate of approval of an exploring license or a prospecting license or a mining lease shall be granted only to a person who is an Indian subject, or if the person be a company or firm, only if such company or firm is shown to the satisfaction of the Local Government to be controlled by Indian subjects alone, or with foreign subjects in such manner as may be specified in this respect by the Government of India in a notification in the Gazette of India, or to a person who or which is a foreign subject or company or Syndicate or firm but under such conditions as may be specified in this respect by the Government of India in a notification in the Gazette of India.

6. In the case of the dealth of the person to whom any of the licenses or a lease has been granted, It shall insure for the benefit of his legal representative provided he satisfied the conditions as laid down in rule 5.

7. For the purposes of these rules the Local Government may, in Provinces where there is a Board of Revenue or Financial Commissioner, delegate to such authority all or any of the powers under these rules.

8. Any order passed by any officer whom the Local Government may appoint for purpose of administration of the subjects mentioned in these rules shall

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be subject to appeal and to revision insuch manner and by such authority as the Local Government may prescribe by notification in the Local Gazette.

9. Any question or dispute regarding the application foror granting of an exploring license, prospecting license or mining lease or regarding the observance or non-observance of any covenant contained in such licenses or lease shall, at the request of any of the parties concerned be determined by the Central Bureau of Mines. In case the applicant or the concessionaire is not satisfied with the decision of the Central Bureau of Mines, the dispute will be settled by an umpire to be appointed in writing by the Central Bureau of Mines, after consultation with the parties concerned. If the matter of dispute goed to an umpire, the expenditure involved will be divided equally between the parties.

10. The holding of a concession for the winning of petroleum and/or natural gas shall not confer upon its holder any preferential right to a concession for the winning of any other mineral or minerals and, conversely, notwithstanding anything contained in the Rules for the grant of concessions for the winning of minerals other than natural petroleum andnatural gas, the holding of a concession for the winning of any other mineral or minerals shall not confer upon its holder any preferential right to a concession for the winning of natural petroleum and/or natural gas.

Certificate of Approval for Petroleum.

11. No exploring license, prospecting license or mining lease for petroleum and/or natural gas shall be granted except to a person who holds a certificate of Approval for Petroleum from the Local Government, within whose jurisdiction the land lies for which the license or lease is asked.

12. No certificate of Approval for Petroleum shall be granted by the Local Government except to a person who can satisfy the Local Government that he is financially and teachnically competent to carry on the operations of searching for, drilling for and producing natural petroleum and natural gas in a proper workmanlike manner according to the standards of modern oilfield practice.

13. A Certificate of Approval for Petroleum shall have effect from the date thereof and shall expire at midnight on the31st December next following: Provided that a Certificate issued in the last quarter of the year shall be valid until 31st December of the year following. Only one person shall be named in the Certificate. The fee payable for a certificate of Approval for Petroleum shall be Rs.100.

14. A Certificate of approval may be renewed at the discretion of the Local Government on payment of a fee of Rs. 25/- if the application for renewal is received within one month after the date of expiry of the original certificate and on payment of Rs.50/- if the application is received after one month but within three months of the date of expiry of the original certificate. No application for renewal received after three months of the date of expiry of a certificate shall be entertained but a fresh certificate of approval may be granted on payment of the full fee. The period of renewal of a certificate of approval has effect from the date of expiry of the original certificate or of a previous renewal as the case may be: Provided that no renewal shall have retrospective effect for prposes of priority under rules 28, 50 and 68 beyond the date on which the application for such renewals was filled.

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15. Applications for Certificates of Approval for petroleum or their renewal shall be submitted to such officer, not below the rank of Secretary to the Government, as may be appointed for that purpose by notification in the Local Gazette.

S.R.I. Every such applications shall contain the following particulars:--

(a) the name, nationality, profession and residence of the applicant if he is an individual, or if the applicant is a company, syndicate, partnership or private firm, its name and nature and place of business, and if the place of business is outside India, the name and residence of a member or duly authorised agent resident in India;

(b) a statement showing the previous experience of the applicant in the search for and development of Petroleum and/or Natural Gas, and such other particulars as may be necessary to satisfy the Local Government as to the applicant's competence, financially and technically, to carry on such search and development in a Satisfactory and workmanlike manner:

(c) such information as may be necessary to satisfy the Local Government that the applicant is a person complying with the requirements of rule 5.

S.R.2. The Officer receiving such application shall delever to the applicant an acknowledgement stating the date and hour of the receipt of the application.

S.R.3. Generally, a Certificate of Approval for Petroleum shaould be granted or refused within three months from the date of filing of the application therefor.

16. The name of persons to whom Certificates of Approval for Petroleum have been granted shall be published in the Local Gazette and every application for an exploring license, a prospecting license or a mining lease shall contain a statement of the number and date of the local Gazette notification of the Certificate granted to the applicant.

17. Before considering an application for an exploring license, a prospective license or a mining lease the Local Government Officer concerned shall verify the Gazette notification quoted and shall refuse any application for a licence or lease from a person not in possession of a valid certificate of approval for Petroleum.

18. Subject to complaince with the conditions thereof, licences and leases previously granted may be held by a grantee who is no longer in possession of a Certificate of Approval for Petroleum.

EXPLORING LICENSE.
(Geophysical License)

19. A license for carrying out exploration hereinafter called an Exploring License (for Petroleum), shall confer upon the licensee the sole right, subject to conditions contained in the license, to search by geophysical and other methods, including test-drilling such area as may be specified in the Licensed for the purpose of determining the regional prospects of the occurrence of petroleum and natural gas and to locate structures favourable for the accumulation of deposits that might be worked commercially.

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20. Every application for an exploring licanse shall be made to such Officer as the Local Government may by Gazette notification direct.

21. Every application for a geophysical license shall contain the following particulars:-

(a) The name, profession and residence of the applicant, if he is an individual, or if the applicant is a company, syndicate, partnership or private firm, its name and nature and place of business: and if the place of business is outside India, the name and residence of a member or duly authorised agent resident in India:

(b) the number and date of the notification in the Local Gazette granting or renewing his Certificate of Approval for Petroleum:

(c) if the applicant prospeses to employ any commercial firm to make the geophysical survey, the name of the firm, its place of registration of incorporation and its experience in the caryying out of geophysical surveys:

(d) a description illustrated by a map showing as accurately as possible the situation, boundaries and area of the land or lands with respect to which the license is required.

22. On receipt of such application, the receiving Officer shall note thereon the date and hour of receipt and shall deliver to the applicant an acknowledgement stating the date and hour of receipt.

23. If it is found that the applicant is in possession of a valid Certificate of Approval for Petroleum and that there is not objection to the grant of the licence applied for, an exploring license shall be granted to the applicant in such form as may be prescribed, with such additional Clauses, not being inconsistent therewith as may be agreed between the Local Government and the applicant.

24. Should the Local Government Officer who may be delegated with the authority to dispose up applications for exploring licenses be of the opinion that it is not expedient to grant the license, he shall refuse to grant it and shall deliver to the applicant a notice in writing stating the reasons for the refusal.

25. If, in accordance with rule 8, the applicant wishes to appeal against the refusal of the license, he shall inform the officer concerned accordingly within fourteen days from the date of receipt of the notice referred to in rule 24 and until the expiry of the said period of fourteen days no action shall be taken in regard to the disposal of a license or lease for petroleum and/or natural gas over the area applied for by the applicant.

26. If the applicant shall appeal as aforesaid the application shall, despite its rejection be deemed to have been received on the date and at the hour shown in the acknowledgement referred to in rule 22 and no action shall be taken in regard to the disposal of a license or mining lease for petroleum over the area applied for by the applicant pending the result of such appeal.

27. If a license shall be refused because it is inexepedient to grant it over a part or parts of the area applied for, the application shall nevertheless be deemed to remain in force as from the date and hour shown in the acknowledgement referred to in rule 22 in respect of the part or parts of the area to which the reason for the refusal of the prospecting license does not apply.

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28. In the case of two or more applications affecting the same land, the prior right to an exploring licence shall be deemed to lie with the applicant who, being the holder of a valid Certificate of Approval for Petroleum and after compliance with the procedure prescribed by these rules shall have been the first to file his application with the Local Government.

29. Every application shall be accompanied by a security deposit of a sum of Rs. 25/- per 100 Sq. miles of the area covered by the application.

30. Subject to such deduction on account of compensation for surface damage, penalty or otherwise as the Local Government may order, the amount of any deposit made under the foregoing rule, should the depositor afterwards take out a prospecting license or mining lease over the area, will be carried to his credit as part of his rents or and royalties of such license or lease. Or should he not, or fail to take out any license or lease, as aforesaid, the amount will be returned to him on his satisfying the Local Government that the conditions in rule 35(vii) have been complied with, and on his furnishing the Local Government with the information as required by rule 38.

31. If the license is not executed within three months after leave has been granted for it, the right of the applicant to such license shall be held to have lapsed, unless the Local Government, for special reasons, consents to grant the same notwithstanding the delay or considers that the delay is not attributable to the applicant.

32. A register of applications for exploring licenses (for petroleum and/or natural gas) shall be kept with the Officer concerned apecifying:-

(1) Serial Number.
(2) Name of applicant.
(3) Residence & etc. of the applicant.
(4) Date & Number of the Gazette Notification of the the Certificate of Approval for Petroleum ganted to the applicant
(5) Date of application.
(6) If application received incomplete, the date of completion.
(7) Situation and boundaries of the land or lands
(8) Estimated area of the land.
(9) Date of Licence, if granted, or date of order of refusal.
(10) Result of appeal (if any) against order of refusal.
(11) Period for which licence granted with note of extension
(12) Mileage fee payable
(13) Amount of deposit.
(14) Particulars of disposal or refund of deposit
(15) Date of application for prospecting licence or mining lease.(if any).
(16) Serial Number of prospecting licence or mining lease.

33 The register shall be open for inspection by any holder of a valid Certificate of Approval for Petroleum or his duly authorised representati e on payment of such fee as the Local Government may prescribe.

34. A return of such licenses granted or refused shall be submitted by such officer to such authority at such intervals and in such form, as the Local Government may diect.

35. Every exploring license shall contain the following provisions and such additional clauses not being inconsistent therewith as may be agreed between the Local Government and the applicant:- p.t.o.

(i) The license shall be granted for such term as the applicant may desire, subject to a maximum of two years. Provided that when the licensee has , before the termination of the period of the license, applied for a prospecting license or a mining lease, the period shall be extended until a prospecting license or a mining lease is granted, or for such time as may be deemed fit.

(ii) The license shall pay a fee of Rs. 1/- per sq. mile of the land covered by the license for each year or portion of a year of the term for which the license is granted.

(iii) The license shall not confer upon the licensee any right to win or carry away natural petroleum and/or natural gas except for experimental purposes, which would not exceed 100 gallons during the tenure of the license.

(iv) The license shall make and pay such reasonable satisfaction and compensation, as may be assessed by lawful authority in accordance with the law on the subject applying to lands over which the license has been granted, for damage, injury or disturbance which may be done by him in exercise of the powers granted by the license, and shall indemnify the Government against all claims which may be made by third parties in respect of any such damage, injury or disturbance.

(v) The licensee shall not cut or injure any tree on un-occupied and un-reserved land without the permission in writting of the Collector, or of such Officer or Officers as he may appoint; nor, without permission of the Collector, shall disturb the surface of any road, or enter on any public pleasure ground, burning or burying ground, or place held sacred by any class of person, or interfere with any right-of-way, well or tank.

(vi) The licensee may, with the previous sanction of the Local Government assign his license of transfer any right or interest there-under to a person holding a valid Certificate of Approval for Petroleum, subject to the condition that such assignment or transfer shall within three calander months from the date of its completion be registered in such office as the local Government would direct on payment of a fee of rupees fifty.

(vii) The licensee shall not be financed or controlled by any Trust, Syndicate, Corporation, firm or person, except with the Prior written sanction of the Local Government.

Note: Before entering into any arrangement by which he will be financied by any Trust, Syndicate, Corporation, firm or person, the licensee shall disclose to the Local Government or to such Offier as the Local Government may direct, for his confidential information, the nature of the proposed arrangement and shall not proceed with the negotiations therefor if the total Government shall refuse sanction thereto.

(viii) The licensee shall not during the currency of the license do anything to cause any violation or alteration of the conditions mentioned in rule 5.

(ix) The licensee being a company or Corporation shall not make any alteration in its Memorandum or Articles of Assocition which might conceivably effect its status or character, except with the prior consent of the Local Government.

(x) The Licensee shall be at liberty to determine the license or surrender or relinquish any part of the licensed area on giving not less than one

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calendar month's notice in writing andupon the expiration of such notice, provided that all sums due on acount of the licence or of the surrendered parts shall have been paid, the licence shall be determined in respect of whole of xx the area or of the surrendered part or parts, as the case may be,. If the licensee does not desire to surrender the whole of the area, a description of the part or parts which he desires, to retain shall be substituted in the instrument of license for the description previously appearing therein, and the mileage fee payable by the licensee shall be calculated accordingly.

(xi) (a) If the licensee of his transferee or assisgnee shall commit any breach of the terms and conditions of the licence, the Local Government may give to the licensee one Calendar month's notice of its intention to terminate the licence unless the breach was remedied. If, before the expiration of the period of such notice, the licensee shall not have remedied he breach or given notice of his desire to submit the dispute to arbitration in accordance to the provisions contained in rule 9, the license shall be terminated accordingly and all rights conferred thereby or enjoyed thereunder shall cease. If the licenses shall desire to submit he dispute to arbitration, he shall not be required to cease his operations under he licence before the award of the Central Bureau of Mines or umpire has been communicated to him by notice in writing.

(b) On any occasion on which notice of termination of the licence may be given as aforesaid the Local Government in lieu of giving such notice may by notice to the licensee declare of deposit referred to in x rule 29 or any part thereof to be forfeited to the Local Government.

(xii) Save in the case of land over which he licensee shall have been granted a prospecting license or a mining lease on or before the determinxxgation of the license, he shall within three months next after the determination of the license or the date of the abandonment of the under taking whichever shall first occur, securely plug any bores and fill up or fence any hole or ditch that he may have made in the land to such extent as may be required by the district authorities concerned, and shall to that extent restore the surface of the land thereon which he may have damaged in the course of exploration: provided that he shall not be required to restore the suyface of the land in respect of which full andx proper compensation has already been xxdxr padd under condition (iv) above.

(xiii) Should any question or dispute arise regarding the license or any matter or thing connected therewith or power of the licensee thereunder or the amount or payment or the fee or any penalty payable under any stipultations contained inx the license deed, the matter in difference shall be determined in the manner as specified in rule 9.

36. All operations conducted under the authority of these rules within a reserved or protected forest shall be subject to such conditions as the Local Governwent may by general or special order from time to time prescribe. Before commencing exploration work within a reserve or protected forest, 30 days' notice shall be given to the District Forest Officer of the intention to commence operations, and that the operations shall be conducted subject to any conditions regarding the use of fire which he may prescribe.

37. On or before the determination of his license, the licensee shall have a right to a prospecting license for xix natural petroleum and/or natural x gas over the whole or such part or parts of the xx land covered by the license as he may be desire, but subject to the terms and conditions as specified in these rules.

38. The licensee shall, before the deposit made under rule 29 is returned to him or tansferred to any other accoun under rule 30, or before a prospecting or mining lease is granted to him, disclose confidentially to the Local Government all information acquired by him in the course of the operations carried on under the license, regardigg the geological and mineral resources of the area under the license and furnish a comprehensive account of the work done by him.

39. A license for carrying out detailed examination and testing of favourable structures either already known, or located in the course of the preliminary exploration or prospecting, hereinafter called a prospecting license shall confer on the licesee the sole right, subject to the conditions contained in the license to mine, quarry, bore, dig and search for, natural petroleum and/or natural gas lying or being within, under or throughout the land specified in the license.

/Note: Her the consessionaire will employ all methods of search available. These may include, inter alia geophysical methods and test drilling, and the testing programme may depend on information obtained in the testing of related areas./

40. A prospecting licensee shall be granted only in respect of land in which the deposits of natural petroleum and/or natural gas are the property of the State.

41. Every application for a prospecting licence shall be made to such Officer as the Local Government may, by Gazette notification direct.

42. Every such application shall contain the following particulars:

(a) The name, profession and residence of the applicant if he is an individual or if the applicant is a company, syndicate, partnership or private firm, its name and nature and place of business; and if the place of business is outside India, the name and residence of a member or duly authorised agent resident in India:

(b) The number and date of the Gazette notification granting or renewing the applicant's Certificate of Approval for Petroleum:

(c) If the applicant proposes to employ any commercial firm to make the geophysical survey, the name of the firm its place of registration or incorporation and its experience in the carrying out of the geophysical survey:

(d) A description, illustrated by a map or plan, showing as accurately as possible the situation, boundaries and area of the land with respect of which the license is required:

(e) Whether the applicant holds an exploring license over the land for which the prospecting license is required by him, or whether he wishes to do such preliminary exploration work as may be necessary while doing the prospecting work under this license, and the period for which he license is required.

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43. Should the applicant desire the Local Government to prepare for him the map or plan required by the foregoing rule or should the map or plan presented by the applicant be insufficient, the Local Government may prepare the map or plan required and may, if it so decide, recover the cost from the applicant at such rate or rates as may by general order be prescribed.

44. On receipt of such application the receiving officer shall note thereon the date and hour of its receipt and shall deliver to the applicant an acknowledgement stating the date and hour of receipt.

45. Should the Local Government Officer, who may be delegated with the authority to dispose up applications for prospecting licenses be of the opinion that it is not expedient to grant the licence, he shall refuse to grant it and shall deliver to the applicant a notice in writting stating the reasons for the refusal.

46. If, in accordance with rule 8, the applicant wishes to appeal against the refusal of the licence, he shall inform the Offier concerned accordingly within fourteen days from the date of receipt of the notice referred to in rule 45 and until the expiry of the said period of fourteen days the officer shall take no action in regard to the disposal of a prospecting licence or mining lease for petroleum and/or natural gas over the area applied forby the applicant.

47. If the applicant shall appeal as aforesaid the application shall, despite its rejection be deemed to have been received on the date and at the hour shown in the acknowledgement referred to in rule 44 and no action shall be taken in regard to the disposal of a prospecting licence or mining lease for petroleum over the area applied for by the applicant pending the result of such appeal.

48. If a prospecting licence shall be refused because it is inexpedient to grant it over a part or parts of the area applied for, the application shall nevertheless be deemed to remain in force as from the date and hour shown in the acknowledgement referred to in rule 44 in respect of the part or parts of the area to which the reasons for the refusal of the prospecting licence does not apply.

49. If it is found that the applicant is in possession of a valid Certificates of Approval for Petroleum and that there is no objection to the grant of the license applied for, a prospecting license shall be granted to the applicant in such form as may be prescribed, with such additional Clauses not being inconsistent therewith as may be agreed between the Local Government and the applicant.

50. In the case of two or more appli-cations affecting the same land and presented by applicants who are not in possession of or have not applied forexploring licenses thereof, the prior right to a licence shall be deemed to lie with the applicant who, being the holder of a valied Certificate of Approval for Petroleum and after compliance with the procedure prescribed by these rules, shall have been the first to file his application with the Local Government.

51. Every application shall be accompanied by a deposit of a sum of Rs. 100 per square mile or part of a square mile of the area covered by the application.

52. Subject to such deduction on account of compensation for surface damage, penalty or otherwise as the Local Government may Order, the amount of any deposit madeunder the foregoing rule, should the depositor afterwards take out a mining lease over the area, will

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will be carried to his credit as part of the rents, royalties or deposit money payable under the lease. Or should he not or fail to take out a mining lease over the area, the amount will be returned to him on his satisfying the Local Government that the condition of rule 57 (viii) has been complied with and on his furnishing the Collector with the information as required under rule 60.

53. If the licence is not executed within three months after leave has been granted for it, the right of the applicant to such licence shall be held to have lapsed, unless the Local Government for special reasons, consents to grant the same notwithstanding the delay or considers that the delay is not attributable to the applicant.

54. A register of applications for prospecting licences (for petroleum and/or natural gas) shall be kept with the Officer concerned, specifying:-

(1) Serial Number.
(2) Name of applicant.
(3) Residence of applicant.
(4) Date and number of the Gazette Notification of the Certificate of Approval for Petroleum granted to the applicant.
(5) Date of application.
(6) If application received incomplete, the date of completion.
(7) Situation and boundaries of the land.
(8) Estimated area of the land.
(9) Date of licence, if granted, or date of order of refusal.
(10) Result of appeal (if any) against order of refusal.
(11) Period for which licence granted with note of extensions.
(12) Acreage fee and royalty pauable.
(13) Amount of deposit.
(14) Particulars of disposal or refund of deposit.
(15) Date of application formining lease (if any).
(16) Serial number of mining lease.

55. The register shall be open for inspection by any holder of a valid Certificate of Approval for Petroleum or his duly authorised representative on payment of such fee as the Local Government may prescribe.

56. A return of such licences granted or refused shall be submitted by such Officer to such authority at such intervals and in such form as the Local Government may direct.

57. Every prospecting licence shall contain the following conditions and such additional Clauses not being inconsistent therewith as may be agreed between the Local Government and the applicant:-

(i) The license shall be granted for such term as the applicant may desire subject to a maximum of 3 years. If, however, the applicant wishes to undertake the necessary preliminary exploration work with the prospecting work and held or holds no separate exploratory license over the area, then this maximum term may be extended to 5 year. If the Local Government is satisfied that a longer period is required in order to enable the licenses to complete his prospecting work, it may renew the license for such period as may be desired by the licensee but subject to a maximum 2 years only.

Provided that when the licenses has, before the termination of the period of the license, applied for the grant of a mining lease, the Local Government may further extend the period of the license until a mining lease is granted or for such time as may be deemed fit.

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S.R.1. It shall be within the competence ofthe Local Government to call forperiodical progress reports of work carried under this license, and whenever any licensee shall apply for renewal of his license, he must submit to the Local Government a full statement showing the progress of work done by him during the original period of the license, and the Local Government shall forward the same, along with the previous periodic reports, if any, to the Central Bureau of Mines, for opinion before granting the renewal.

(ii) The licensee shall pay a fee not exceeding Rs.1/- and not less than eight annas per acre of the land covered by the license for each year or portion of a year of the term for which the license is granted when a license is renewed under the last foregoing condition, a fresh enhanced fee, as may be deemed fit by the Local Government, shall be payable, for each year or part of a year for which the license is renewed.

(iii) The license shall not nonfer upon the licensee any right to win or carry away petroleum and/or natural gas for commercial purpose, but disposal of the output which is incidental to the testing process may be allowed on payment of royalty at double the rates as specified in the attached schedule, provided that he may win and carry away for purposes of experiment upto 2,000 gallons of natural petroleum free of royalty.

(iv) The licensee shall make and pay such reasonable satisfaction and compensation as may be assessed by lawful authority in accordance with the law in force on the subject applying to the lands over which the license has been granted, for all damage, injury or disturbance which may be done by him in exercise of the powers granted by the licence and shall indemnify the Government against all claims which may be made by third parties in respect of any damage, injury or disturbance.

(v) The licensee shall not cut or injure any tree on unoccupied and unpreserved land without the permission in writing of the Collector, or of such officer or officers as he may appoint: nor, without the permission of the Collector, shall he disturb the surface of any road, or enter on any public pleasure ground, burning or burying ground, or place held sacred by any class of person, or interfere with any right-of-way, well or tank.

(vi) The licensee may, with the previous sanction of the Local Government assign his licence or transfer any right or interest there-under to a person holding a valid Certificate of Approval for Petroleum, subject to the condition that every such assignment or transfer shall, within three calendar months from the date of its completion, be registered in such office as the Local Government would direct on payment of a fee of rupees fifty.

(vii) The Central Government shall at all times have the right of pre-emption of the petroleum extracted from the land in respect of which the license has been granted, provided that the fair market price shall be paid to the licensee for the petroleum taken in pre-emption.

(viii) The licensee shall not be financed or controlled by any Trust, Syndicate, Corporation, firm or person except with the prior written sanction of the Local Government.

Note: Before entering into any arrangement by which he will be financed or controlled by any Trust, Syndicate, Corporation, firm or person the licensee shall disclose to the Local Government, or to such Officer as the Local

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Government, or to such Officer as the Local Government may direct, for his confidential information, the nature of the proposed arrangement and shall not proceed with the negotiations therefor: if the Local Government shall refuse its sanction therto.

(ix) The licensee shall not during the currency of the license do anything to cause any violation or alteration of the conditions mentioned in rules 5.

(x) The licensee being a Company or Corporation shall not make any alteration in its Memorandum or Articles of Association, which might conceivably affect its status or character, except with the prior consent of the Local Government.

(xi) The licensee shall be at liberty to determine the license or surrender or relinquish any part of the licensed area in giving not less than three calendar months notice in writing and upon the expiration of such notice, provided that all sums due on account of the license or of the surrendered part shall have been paid, the licence shall be determined in respect of whole of the area of of the surrendered part or parts which he desire to retain shall be substituted in the instrument of license for the description previously appearing therein, and the acreage fee payable by the licensee shall be calculated accordingly.

(xii) (a) If the licensee or his transferee or assignee shall commit any breach of the terms and conditions of the licence the Local Government may give to the licensee one calendar months' notice of its intention to terminate the licence unless the breach was remedied. If before the expiration of the period of such notice, the licensee shall not have remedied the breach or given notice of his desire to submit the dispute to arbitration in accordance with the provisions of rule 9, the licence shall be terminated accordingly and all rights conferred thereby or enjoyed thereunder shall cease. If the licensee shall desire to submit the dispute to arbitration, he shall not be required to cease his operations under the licence before the award of the Central Bureau of Mines or umpire has been communicated to him by notice in writting.

(b) On any occasion on which notice of termination of the licence may be given as aforesaid, the Local Government may by notice to the licensee declare the deposit referred to in rule 51 or any part thereof to be forfeited to the Local Government.

(xiii) Save in the case of land over which the licensee shall have been granted a mining lease on or before the determination of the licence, he shall with n six months next after the determination of the licence or the date of the abandonment of the undertaking whichever shall first occur, securely plug any bore and fill up or fence any holes or excavation that he may have made in the land to such extent as may be required by the district authorities concerned and shall to the like extent restore the surface of the and land and all buildings thereon which may have been damaged in the course of prospecting: provided that the licensee shall not be required to restore the surface of the land or any buildings in respect of which full and proper compensation has already been paid under condition (iv) above.

(xiv) Should any question or dispute arise regarding the licence or any matter or thing connected therewith or the powers of the licensee thereunder or the amount of payment of the fee or royalty made payable thereby, or any penalty payable under any stipulations contained in the license-deed or the price of the oil taken in pre-emption by the Government, the matter in

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difference shall be determined in the manner as specified in rule 9.

58. All operations conducted under the authority of these rules within a reserved or protected forest shall be subject to such conditions as the Local Goverr ment may by general or special order from time to time prescribe. Before commencing prospecting within a reserved forest, 30 days notice shall be given to the District Forest Officer of the intention to commence operations and the operations shall be conducted subject to any conditions regarding the use of fire which he may prescribe.

59. On or before the determination of his license, the licensee shall have a right to a mining lease for natural petroleum and /or natural gas over the whole or such part or parts of the land covered by the license as he may desire but subject to the terms and conditions as specified in these rules.

60. The licensee shall, before the deposit made under rule 51 is returned to him or transferred to any other account under rule 52 or before a mining lease i s grants to him, disclose confidentially to the Local Government all information acquired by him in the course of the operations carried under the licensee regarding the geological and mineral resources of the area under the license and furnish a comprehensive account of the work done by him.

Mining Lease.

61. A mining lease for natural petroleum and/or natural gas, hereinafter called a mining lease, shall confer on the leasee the sole right, subject to the conditios contained in the lease to mine, quarry, bore dig and search for, win, work and carry away natural petroleum and/or natural gas lying or being within, under or throughout the land specified in the lease.

62. A mining lease shall be granted only in respect of land in which the deposits of natural petroleum and/or natural gas are the property of the State.

63. Every application for a mining lease shall be presented to such officer as the Local Government may by Gazette notification direct. The Officer shall then forward the application through the proper channel to the Local Government for disposal.

64. With the application the applicant shall deposit as security in respect of preliminary expenses such sum, not exceeding Rs.500/- as the receiving Officer may determine. If the application relates to land over which the applicant holds a prospecting license, any amount held in deposit under rule 51 in respect of such prospecting licence will be carried to his account. The amount of any deposit made under this rule, less any expenses incurred by or on behalf of the Local Government will, if the depositor is granted a mining lease, be carried to his credit as part of the rent and/or royalties payable under the lease or if he fails to obtain a mining lease, will be returned to him.

65. Every application for a mining lease shall contain the following particulars:-

(a) The name, profession and residence of the applicant, if he is an individual, or if the applicant is a company, syndicate, private firm or partnership, its name and nature and place of business and if the place of business is outside India, the

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name and residence of a member or duly authorised agent resident in India.

(b) The number and date of the Gazette Notification granting or renewing the applicant Certificate of Approval for Petroleum:

(c) A description illustrated by a map or plan, showing as accurately as possible the situation, boundaries and area of the land with respect to which the lease is required.

(d) The period for which the lease is required.

(e) The area of any mining leases held in any other provinces or state within the Union

(f) Whether the applicant holds or held a prospecting license over the land for which the mining lease is required.

66. Should the applicant for a mining lease desire the Local Government to prepare for him the map or plan required by the foregoing rule, or should the map or plan presented by the applicant be insufficient the Local Government may prepare the map or plan required and may, if it so decide, recover the cost from the applicant at such rate or rates as may by general order be prescribed.

Note: It shall be competent to the Local Government by general order to direct that an accurate survey be made at the expense of the lessee of all land granted on mining lease, if a map or plan has not been already prepared. Such survey may be made at any time after it is decided to grant the lease, the object being to secure an authoritative record of the area covered by the lease.

67. On receipt of an application for mining lease the receiving office shall note thereon the date and hour of its receipt and shall note thereon the date and hour of its receipt and shall deliver to the applicant an acknowledgement stating the date and hour of receipt.

68. In the case of two or more applications for a mining lease affecting the same land and presented by applicants who are not in possession of or have not applied for exploring or prospecting licences in respect thereof, the prior right to a lease shall be deemed to lie procedure prescribed by these rules shall have been the first to file his application with the Local Government.

69. Should the Local Government be of the opinion that it is not expedient to grant the mining lease, it shall refuse to grant it and shall deliver to the applicant a notice writing stating the reasons for the refusal.

70. If the applicant shall desire that the refusal of his application be submitted to arbitration in accordance with rule of 9 he shall inform the Local Government accordingly within one calender month from the date of receipt of the notice referred to in rule 69 and until the expiry of the said period of one calendar month no action shall be taken with regard to the disposal of an exploring license or a prospecting licence, or mining lease for natural petroleum or natural gas over the area applied for the applicant.

71; If the applicant shall desire that the matter be referred to arbitration as aforesaid the application shall despite its rejection be deemed to have been received on the date and at the hour shown in the acknoledgement referred to in rule 67 and no action shall be taken with regard to the disposal of an exploring license or a prospecting license or mining lease for natural petroleum and/or natural gas over

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the area applied for by the applicant pending the result of such reference to arbitration.

72. If an application for a minding lease shall be refused if because it is inexpedient to grant it over a part or parts of the area applied for, the application shall nevertheless be deemed to remain in force as from the date and hour shown in the acknowledgement referred to in rule 67 in respect of the part or parts of the area to which reasons for the refusal of the mining lease do not apply.

23. A register of applications for mining leases shall be kept with such Office as the Local Government would direct specifying:-

1. Serial Number of application.
2. Name of applicant.
3. Residence etc. of applicant.
4. Date and number of Certifiaate of Approval for Petroleum granted to the applicant.
5. Date of application.
6. If application received incomplete, date of completion.
7. Situation and boundaries of the land.
8. Estimated ~~and~~ area.
9. Date of lease if granted or date of order of refusal.
10. Period ~~of~~ for which granted with note of renewal
11. Dead rent and royalty payable.
12. Particulars of the disposal of the balance of the deposit made under rules 52 and 64.
13. Serial number of mining lease if granted.

74. The register shall be open to inspection by any holder of a valid Certificate of Approval for Petroleum or his duly authorised representative on payment of such fee as the Local Government may prescribe.

75. A return of mining leases granted or refused shall be submitted by such officer to such authority at such intervals and in such form as the Local Government may direct.

76. On receipt of an application the Local Government shall, if the applicant is entitled to a lease under rule 59 or if there is no objection to the grant of a lease, grant the same in such form as may be prescribed in this respect with such additional Clauses not being inconstent therewith as may be agreed between the Local Government and the applicant.

77. No assignment of mining lease or transfer of any right or interest thereunder shall be sanctioned by the Local Government except to a person holding a valid Certificate of Approval for Petroleum.

78. If a lease is not executed within six months after leave has been grant d for it, the right of the applicant to such lease shall be deemed to have lapsed and any extension of a prospecting licence granted under the proviso of rule 57(i) shall forthwith be terminated unless for special reasons the Local Government consents to grant the lease notwithstanding the delay or considers that the delay is not attributable to the applicant.

89. The lease shall not intentionally cause any boring to deviate from the vertical in such a way as to cross a vertical plane passing through a boundary of the land covered by the lease or employ or continue to employ any method of drilling which is causing or is likely to cause a boring to deviate to such extent and in such a direction as to cross such a vertical plane. Provided that this rule shall not apply, firstly, if

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the said boundary is a common boundary of two areas held under a common prospecting licence and/or mining lease by the same lessee, and secondly, if the consent to such deviation shall have been obtained from the licensee or lessee of a contiguous area to which the said boundary is common. If any boring caused by the lessee infringes the provisions of this rule, then the offending well, and if so required by the Local Government he would carry of any boring which the Government may have reasons to believe, is likely to infringe the provisions of this rule.

80. The term for which a mining lease shall be granted shall be such as the applicant may desire but not more than twenty years, but the lease shall contain a Clause permitting renewals for further terms of 10 years each for so long as the lessee wishes to retain the concession and meets his obligations under the covenants of the lease. The terms and conditions of any renewal shall be the same as those of the original lease, including this right of the lessee to renew, except that the dead rent, surface rent and royalties shall be at the rates which may be in force under the rules for the grant of mining leases for natural petroleum and natural gas on the day next following that on which the original lease or the last, preceding renewal, as the case may be, shall determine.

81. Every mining lease for petroleum and/or natural gas shall contain the following conditions and such additional Clauses not being inconsistent therewith as may be agreed between the Local Government and the applicant:-

(i) The lessee shall not sell or export or pipe or dispose of in any way the crude oil produced by him before refining it in India, except with the previous written permission of the Local Government. The refineries where the oil will be processed should be so situated that no crude oil pipe-line supplying the refinery shall pass through any non-Indian territory.

(ii) The lessee shall pay royalties at the rate specified in the lease which rates shall be those fixed by these rules at the date of application for the lease as set forth in the Schedule of the rules.

(iii) The lessee shall pay a minimum "dead rent" of Rs.1/- only per acre of the land covered by the lease, in addition to the royalty or royalties, subject to waiving only where it can be shown, to the satisfaction of the ~~lessee's~~ Government, that it creates a drain on the lessee's resources in the development stage or in the course of a depression.

(iv) The lease shall pay for all land which he may use or occupy superficially for the purposes of the operations conducted under the lease a surface rent at the rent rate assessable under the revenue and rent law in the District in which the land is situated.

(v) The lessee shall make and pay such reasonable satisfaction and compensation, as may be assessed by lawful authority in accordance with the law in force on the subject applying to the lands over which the lease has been granted, for all damage, injury or disturbance which may be be done by him in exercise of the powers grants by the lease, and shall indemnify the Government against all claims which may be made by third parties in respect any such damage, injury or disturbance.

(vi) The lessee shall carry on the operations effectingly in a proper, skilful and workmanlike manner to the satisfaction of the local government.

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(vii) The lesse shall at his own expense erect and at all times maintain and keep in repair boundary marks and pillars according to the demarcation to be shown in a plan to be annexed to his lease.

(viii) The lease shall contain such restrictions and conditions with regard to the cutting and use of reserved timber as may be agreed between the Local Government and the applicant.

(ix) The lessee shall not, without the previous permission of the Collector, erect any building or carry on any surface operations upon any publid pleasure grnund burning or burying ground or place held sacred by any class of persons or any village site, public road or other place, which the Local Government may decide on public grounds to bring within this restriction.

(x) The lessee shall not carry on any boring operations at or to any point within a distance of 50 yards from any Railway, reservoir, canal or other public works or buildings, except with the previous permission of the Collector.

(xi) The lessee shall provide properly constructed and efficient tanks meters and other suitable means for determining the quantity and volume of natural petroleum and/or natural gas produced, and shall measure or weight by a method or methods customarily used in good oilfiled practice.

(xii) The lessee shall keep correct records showing the quantity and particulars of all natural petroleum and/or natural gas obtained and the number of persons employed and also complete plans of the land covered by the lease and shall allow any officer authorised by the Local Government in that behalf or by any Act in force for the time at any time to examine such records and plans and shall furnish the Local Government with such copies of or extracts from the records and plans as and when requi ed.

(xiii) The lessee shall keep accurate records in a form approved by the Local Government of the drilling deepening plugging or abandonment of all boreholes and wells and of any alterations to the casing thereof. A log of all boreholes and wells shall be kept in a form approved by the Local Government containing particulass of the following matters:-

(a) The strata and subsoil through which the bore-hole or well was drilled.
(b) The casing inserted in any borehole or well and any alteration to such casing.
(c) Any petroleum watermines or workable seams of coal encountered.
(d) Such other matter as the Local Government may from time to time require.

The lessee shall allow any Officer authorised by the Local Government in that behalf or by any Act in force for the time at any time to examine such records and log and shall furnish the Local Government with copies of or extracts from the said records and log as and when required.

(xiv) The lessee shall allow any officer authorised by the Local Government in that behalf or by any Act in force for the time to enter upon the premises comprised in the lease for the purpose of inspecting the same.

(v) The lessee shall allow existing and future holders of licences or leases over any land which is comprised in or adjoins or is reached by the land held p.t.o.

held by the lessee, reasonable facilities of access thereto.

(xvi) If the lessee shall discover in the said lands any mineral or minerals other than natural petroleum and natural gas, he shall report the discovery to the Collector within three calendar months of its occurrence with particulars of the nature and position of each find.

(xvii) At the end or sooner determination of the lease or any renewal thereof, the lessee shall deliver up the said premises and, save in respect of any wells of which the abandonment has been sanctioned or may be desired by the Local Government all the wells sunk therein with such under-ground casing as may be necessary for the support of the walls of the wells and for the protection of oil and gas sands from water.

(xviii) The lessee may, with the previous sanction of the Local Government assign his lease or transfer any right or interest thereunder to a person holding a valid Certificate of Approval for Petroleum subject to the condition that every such assignment or transfer shall, within three calendar months from the date of its completion, be registered in such office as the Local Government would direct on payment of a fee of rupees fifty.

(xix) The lessee shall not be financed or controlled by any Trust, Syndicate, Corporation, firm or person, except with the prior written sanction of the Local Government.

Note: Before entering into any arrangement by which he will be financed or controlled by any Trust Syndicate, Corporation, firm or person the lessee shall disclose to the Local Government or to such Officer as the Local Government may direct for his confidential information, the nature of the proposed arrangement and shall not proceed with the negotiations therefor if the Local Government shall refuse its sanction thereto.

(xx) The lessee shall not during the currency of the lease do anything to cause any violation or alteration of the conditions mentioned in rule 5.

(xxi) The lessee being a Company or Corporation shall not make any alteration in its Memorandum or Articles of Association, which might conceivably effect its status or character, except with the prior consent of the Local Government.

(xxii) The Central Government shall at all times have the right of pre-emption of the petroleum extracted from the land in respect of which the license has been granted provided that the fair market prices shall be paid to the lessee for the petroleum taken in premption.

(xxiii) Should be royalty and/or rent reserved and made payable by the lease be not paid within two months next after the date fixed in the lease for the payment of the same, the Local Government may enter upon the premises and distrain all or any of the natural petroleum and/or natural gas or movable property therein and may order the sale of the properly so distrained or so much of it as will suffice for the satisfaction of the rent and/or royalty due and all costs and expenses occasioned by the non-payment thereof: and if any royalty and/or rent remain at any time unpaid for six calendar months next after the date on which it is due, the Local Government may detemine the lease and take possession of the premises demised therein: provided that if any dispute regarding the royalty and/or rent shall have been submitted to arbitration as contemplated in rule 9, the period of two months or of six

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months, as the case may be, shall run from the date of the announcement of the award of the arbitration or umpire.

(xxiv) (a) If the lessee or his transferee or assignee shall commit any breach of the term and conditions of the lease, the Local Government may give the lessee one calendar month's notice of its intention to terminate the lease unless the breach was remedied,. If, before the expiration of the period of such notice, the lessee shall not have remedied the breach or given notice of his desire to submit the dispute to arbitration in accordance to provisions of rule 9, the lease shall be terminated accordingly and all rights conferred thereby or enjoyed thereunder shall cease. If the lessee shall desire to submit the dispute to arbitration, he shall not be required to cease his operations under the lease before the award of the Central Bureau of Mines or Umpire has been communicated to him by notice in writing.

(b) On any occasion on which notice of termination of the lease may be given as aforesaid, the Local Government in lieu of giving such notice, may require the lessee to pay a penalty not exceeding twice the amount of the annual dead rent.

(xxv) The lessee shall be at liberty to determine the lease or surrender or relinquish any part of the leased area on giving not less than twelve calendar months' notice in writing and upon the expiration of such notice, provided that all sums due on account of the lease or of the surrandered part shall have been paid, the lease shall be determined in respect of the whole of the area of of the surrendered part or parts, as the case may be. If the lessee does not desire to surrender the whole of the area, a description of the part of parts which he desires to retain shall be substituted in the instrument of lease for the description previosly appearing therin, and th reafter the dead rent payable by the lessee shall be calcualted accordingly.

(xxvi) Should any question or dispute arise regarding the lease or anymatter or thing connected with the mines and minerals leased or the working or non-working thereof or the amount or payment of the royalty or rent reserved or made payable by the lease, or any penalty payable under the stipulations contained in the lease deed or the price or prices of natural petroleum and/or natural gas taken in pre-emption by the Government. the matter of in difference shall be determined manner as specified in rule 9.

82. All operations conducted under the lease in a reserved forest shall be subject to such conditions as the Local Government may by general or special order from time to time prescribe. Before commencing work in a reserved forest the lessee shall give thirty days' notice to the District Forest Officer of his intention to commence operations and shall conduct the operations in accordance with any conditions regarding the use of fire which he may prescribe.

83. Every mining, lease which includes any portion of a reserve forest shall, if it authorises the lessee to fell timber for the purpose of his operations, specify the terms and conditions upon which he may exercise that authority.

Schedule.

Royalty.

Natural Petroleum:
petroleum: 10 per cent on the well-head value covertible at the option of the Local Government to an equivalent charge to be fixed annually subject p.t.o.

to a minimum of Rs.1/- per 40 gallons.

Natural Gas:	If sold by the licensee or lessee or if utilised by him for any other purpose than the production of natural petroleum or natural gas-10 per cent on the well-head value	

On gas converted into gasoline: the well-head value shall be calculated on the volume gasoline manafactured: it shall be deemed to be equivalent to the selling value of the gasoline less the cost of manufacture and the royalty shall be subject to a minimum of as. -/12/- per 40 gallons of gasoline manafactured:

Provided that the 10 per cent royalty rate shall be convertible at the option of the Local Government to an equivalent charge per 40 gallons of gasoline (not being less than Rupee one) or per 1,000 cubic feet of gas, as the case may be, to be fixed annually.

Oil-shale:	(a) when the oil is extracted by the licensee or lessee.	As.12 per 40 gallons of crude oil obtained therefrom.
	(b) In other cases.	Rs.1/- per ton of shale mined.

Development Department.

LETTER (Ms) No.3599-B/6-7-1948.

To

The Secretary to the Government of India.
Ministry of Works, Mines and Power,
New Delhi.

Sir,

Sub: Mines - Mining - The Indian Petroleum Mining Rules - Draft - Madras Government's views - Communicated.

Ref: Mr. B.B. Pay master's letter No.M.I. 152 (17) dated 2-4-1948.

In reply to the letter cited, I am directed to communicate the following remarks of this Government on the draft rules of 'The Indian Petroleum Mining Rules'.

2. According to the proposed Indian Petroleum Mining Rules, Rule 7 permits the Provincial Government to delegate all or any of the powers vested with them under those Rules to a Board of Revenue or a Financial Commissioner, as the case may be, while provision is made in Rule 9 of the same Rules for a dispute regarding a prospecting License, Exploring License or a Mining Lease being referred to a Central Bureau of Mines. Where in accordance with this provision the powers of a local Government have been delegated to a subordinate authority, the Government of Madras are of the view, that it is necessary to provide for appeals being made to the Local Government concerned against the orders of the Subordinate p.t.o.

authority, before a dispute about the same matter is referred to central Bureau of Mines. I am, therefore, to suggest that a provision to this effect may be made in the draft rules.

Rule 14:- It is suggested that the words "at the discretion of the provincial Government" may be inserted at the end of the second sentence of this Rule in order to secure consistency.

Rule 35. Sub Rule (1) In this Sub Rule no mention is made for the place where the fee for the Certificate of Approval has to be remitted. Nor is there provision in the rules for the paymaster of a fee along with the application for the Certificate of approval. According to the rules governing the grant of mining concessions in this Province, an application for a Certificate of Approval should bear a court fee stamp worth Rs.1-8-0. In order to provide for this, the following may be added as clause (d) to this sub-Rule:-

"(d) The applicant shall pay the prescribed fee into the Provincial Government Treasury and submit the chalan thereof with his application. The application shall bear court fee stamps of the value of one rupee and eight annas."

Sub Rule (2) of Rule 15:- This rule provides for an acknowledgement of the receipt of an application for a Certificate of approval also stating the date and hour of the receipt of application. This procedure will be of use in determining the priority of an applicant from among those who have applied for a mining concession over one and the same plot. A certificate of Approval entitles the holder to apply for and hold mining concessions, but does not automatically confer upon him any right over any particular mineral bearing area. Moreover, priority in applying for a Certificate of Approval cannot be taken into consideration in granting a mining concession. This rule therefore appears to be unnecessary. Even if it is considered necessary to make production for an acknowledgement being given to an applicant, the words "stating the date and hour of the receipt of the application" appear to be decidedly superfluous, This Government accordingly suggest that they may be omitted.

Sub Rule (3) of Rule 15:- This sub-rule does not appear to be necessary, for, there may be cases, where legitimate correspondence may exceed three months. This may therefore be omitted.

Rule 37:- The words 'shall have a right' do not appear to bring out the intention. The intention obviously is that the holder of an exploring licence shall be given preference as against fresh applicants for a prospecting licence over the area already held by the applicant on emploring licence but not that the holder of an Exploring licence shall get a prospecting licence over the same area as a matter of right. The Government of Madras consider therefore that the works shall have a rights may be recast as "shall have a preferential right"

Rule 42:- The following may be added as an addition to the rule.

"Every such application shall be made in the form prescribed by the Provincial Government and shall bear a Court Fee stamp of twelve annas."

The following may be incorporated as Rule 42-A or preferably as a fresh rule.

"The Collector on receipt of an application shall order immediate verification of site boundaries and shall

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simultaneously initiate enquiries to satisfy himself (a) that the applicant is a suitable person to hold a mining concession, (b) that he intends to undertake operations immediately and (c) that he is not a mere speculator who wants to keep the other applicants out. If the applicant is a suitable person and if there is no PRIMA FACIE objection to the grant of a licence pending verification, he may be put in possession of the land or such portion of it as may be regarded as unobjectionable on his executing a tentative agreement, not committing the Government in any way. A condition should be inserted in the agreement that if the applicant does not commence mining operations within a period to be specified by the Collector the agreement will be void and his application will be liable to be rejected."

Rule 43:- The following sentence may be added after the draft rule.

"The application shall be accompanied by a deposit at such rate or rates as the Provincial Government may by general order prescribe to meet the cost of survey of the area."

Rule 50:- The following may be added as a 'Note' to this Rule.

"When both an application or applications for a prospecting licence and an application or applications for mining lease are presented in respect of the same area, the applicants for a Mining Lease not being in possession nor having applied for a prospecting licence in respect of that area, the prior right to the concession, whether licence or lease, shall, subject to any order which the Local Government may pass in any particular, case, be deemed to be with the applicant who, being the holder of a valid Certificate of Approval and after compliance with the procedure prescribed by the rules, shall have been the first to file his application with ~~hm~~ the Collector".

Rule 59:- Here also the words 'shall have a right' do not bring out the intention clearly. The words as they stand entitle a holder of Prospecting licence the grant of a Mining Lease over the same area more as a matter of right than as a matter of preference. The Government can, at their discretion refuse to grant a Mining lease to a person who holds a prospecting licence over the area. There was a case recently in this Province where a licensee sued the Government in a Civil Court for not granting him a Mining Lease over the area held by him previously on prospecting licence. To recognise an absolute right to a Mining Lease will lead to administrative difficulties. The first two lines in this rule may therefore be recast as follows:

'On or before the determination of ~~thm~~ his licence, the licensee may be granted a mining lease for natural petroleum.'

Rule 68:- The Word "Collector" may be substituted for Local Governments occurring in this Rule

Rule 65:-(e) After the existing clause, the words "and the particulars of the same" may be added.

Rule 68:- The Word "Collector" may be substituted for Local Governments "occurring in this Rule.

Rule 70:- According to this ~~mxdmx~~ draft rule an aggrieved party who desires his case to be referred to arbitration has to inform the Local Government of his intention to do so within one month, form the date of p.t.o.

of receipt of the orders. The time allowed for an appeal is therefore one month. In the existing rules governing the grant of mining concessions in this Province a Period of 3 months from the date of the receipt of the order has been specified as the limit for submitting an appeal petition. The time allowed in the proposed rules appears to be too short. The Government of Madras consider that the time limit may be raised to 3 months and accordingly suggest that the words "three calendar months" occurring in the draft rules be substituted for "one calendar month".

Rule 86:- In the present rules regulating the grant of mining leases in this Province the total area that can be granted to a person on mining lease for petroleum has been prescribed as 150 square miles. This protection does not find a place in the draft rule. This Government accordingly suggest that the following may be added as a proviso to this Rule.

"Provided also that in the case of natural petroleum (including natural gas) the Local Government shall not grant to any lessee or those joint in interest with him leases for any area exceeding 150 square miles within the territory administered by it."

Rule 81 (xii):- The Government of Madras consider that it is desirable to know from a statistical point of view the extraction and consumption of the two minerals. After the existing rule, the following may be added:-

"The lessee shall submit annually to the Provincial Government not later than the 30 the June of each year a statement showing the total quantity of petroleum / natural gas mined during the year ending 31st March, how it was/they were disposed of and to whom it was/they were sold. The lessee shall also along with it submit a profit and loss statement together with the balance sheet for the period ending 31st March of the Year."

In the draft rules received with the Government of India letter, no draft forms of lease deeds for the mining concessions for minerals have been enclosed. It is presumed that the Government of India will take action to draft them after the draft rules have taken a definite shape.

I am to add that the Government of Madras have no remarks to offer on the remaining Rules

Sd/-x x x x x x
6.7.1948.

Copy to the Board of Revenue.

/True Copy/

Office Assistant

SP/22.9. Madras Record Office.

12-1-54. 12.1.54